

109TH CONGRESS
2D SESSION

S. 4072

To address ongoing small business and homeowner needs in the Gulf Coast States impacted by Hurricane Katrina and Hurricane Rita.

IN THE SENATE OF THE UNITED STATES

NOVEMBER 16, 2006

Ms. LANDRIEU (for herself and Mr. KERRY) introduced the following bill; which was read twice and referred to the Committee on Small Business and Entrepreneurship

A BILL

To address ongoing small business and homeowner needs in the Gulf Coast States impacted by Hurricane Katrina and Hurricane Rita.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Gulf Coast Back to
5 Business and Homes Act of 2006”.

6 **SEC. 2. FINDINGS.**

7 Congress finds that—

8 (1) 43 percent of businesses that close following
9 a natural disaster never reopen;

1 (2) an additional 29 percent of businesses close
2 down permanently within 2 years of a natural dis-
3 aster;

4 (3) Hurricane Katrina struck the Gulf Coast of
5 the United States on August 29, 2005, negatively
6 impacting small business concerns and disrupting
7 commerce in the States of Louisiana, Mississippi,
8 and Alabama;

9 (4) Hurricane Rita struck the Gulf Coast of the
10 United States on September 24, 2005, negatively
11 impacting small business concerns and disrupting
12 commerce in the States of Texas and Louisiana;

13 (5) according to the United States Chamber of
14 Commerce, more than 125,000 small and medium-
15 sized businesses in the Gulf Coast were disrupted by
16 Hurricane Katrina or Hurricane Rita;

17 (6) due to a slow initial Federal response and
18 the widespread devastation in the affected States,
19 businesses impacted by Hurricane Katrina are in
20 dire need of increased access to capital and technical
21 assistance to recover and prosper; and

22 (7) without the full recovery and prosperity of
23 affected businesses, the Gulf Coast, and the rest of
24 the United States, will be negatively impacted.

1 **SEC. 3. DEFINITIONS.**

2 In this Act—

3 (1) the term “Disaster Area” means an area in
4 which the President has declared a major disaster in
5 response to Hurricane Katrina of 2005 or Hurricane
6 Rita of 2005;

7 (2) the term “major disaster” has the meaning
8 given the term in section 102 of the Robert T. Staf-
9 ford Disaster Relief and Emergency Assistance Act
10 (42 U.S.C. 5122); and

11 (3) the term “small business concern” has the
12 meaning given the term in section 3 of the Small
13 Business Act (15 U.S.C. 632).

14 **SEC. 4. SMALL BUSINESS CONCERN RECOVERY GRANTS.**

15 (a) IN GENERAL.—There are authorized to be appro-
16 priated to the Secretary of Commerce \$100,000,000 for
17 the Economic Development Administration of the Depart-
18 ment of Commerce to make grants to the appropriate
19 State government agencies in Louisiana, Alabama, Mis-
20 sissippi, and Texas, to carry out this section.

21 (b) DISBURSEMENT OF FUNDS.—The Department of
22 Commerce shall disburse the funds authorized under sub-
23 section (a) in the most expeditious manner possible to the
24 designated States, based on—

1 (1) the number of small business concerns di-
 2 rectly damaged or disrupted by Hurricane Katrina
 3 of 2005 or Hurricane Rita of 2005 in the State;

4 (2) the number of residents displaced from the
 5 State by Hurricane Katrina of 2005 or Hurricane
 6 Rita of 2005;

7 (3) the number of jobs lost or disrupted by
 8 Hurricane Katrina of 2005 or Hurricane Rita of
 9 2005 in the State;

10 (4) the extent of economic disruption by Hurri-
 11 cane Katrina of 2005 or Hurricane Rita of 2005 in
 12 the State; and

13 (5) the number of evacuees from any other
 14 State due to Hurricane Katrina of 2005 or Hurri-
 15 cane Rita of 2005, to whom the designated State is
 16 providing assistance.

17 (c) USE OF FUNDS.—

18 (1) IN GENERAL.—Grants awarded to a State
 19 under subsection (a) shall be used by the State to
 20 provide grants, which may be made to any small
 21 business concern located in a Disaster Area that was
 22 negatively impacted by Hurricane Katrina of 2005
 23 or Hurricane Rita of 2005, to assist such small busi-
 24 ness concern for the purposes of—

25 (A) paying employees;

1 (B) paying bills and other existing finan-
2 cial obligations;

3 (C) making repairs;

4 (D) purchasing inventory;

5 (E) restarting or operating that business
6 in the community in which it was conducting
7 operations prior to Hurricane Katrina of 2005
8 or Hurricane Rita of 2005, or to a neighboring
9 area or county or parish in a Disaster Area; or

10 (F) covering additional costs until that
11 small business concern is able to obtain funding
12 through insurance claims, Federal assistance
13 programs, or other sources.

14 (2) CRITERIA.—Notwithstanding any other pro-
15 vision of law, in making grants under paragraph (1),
16 a State may use such criteria as the State deter-
17 mines appropriate, and shall not be required to
18 apply eligibility criteria for programs administered
19 by the Federal Government, including the Depart-
20 ment of Commerce.

21 (3) ADMINISTRATIVE EXPENSES.—The Depart-
22 ment of Commerce may use not more than
23 \$1,000,000 of the funds authorized under subsection
24 (a) to administer the provision of grants to the des-
25 ignated States under this subsection.

1 **SEC. 5. DISASTER LOANS AFTER HURRICANE KATRINA OR**
 2 **HURRICANE RITA.**

3 (a) IN GENERAL.—Section 7(b) of the Small Busi-
 4 ness Act (15 U.S.C. 636(b)) is amended by inserting im-
 5 mediately after paragraph (3) the following:

6 “(4) DISASTER LOANS AFTER HURRICANE
 7 KATRINA OR HURRICANE RITA IN A DISASTER
 8 AREA.—

9 “(A) DEFINITIONS.—In this paragraph—

10 “(i) the term ‘Disaster Area’ means
 11 an area in which the President has de-
 12 clared a major disaster in response to Hur-
 13 ricane Katrina of 2005 or Hurricane Rita
 14 of 2005; and

15 “(ii) the term ‘qualified borrower’
 16 means a person to whom the Administrator
 17 made a loan under this section because of
 18 Hurricane Katrina of 2005 or Hurricane
 19 Rita of 2005.

20 “(B) DEFERMENT OF DISASTER LOAN
 21 PAYMENTS.—

22 “(i) IN GENERAL.—Notwithstanding
 23 any other provision of law, payments of
 24 principal and interest on a loan to a quali-
 25 fied borrower made before December 31,
 26 2006, shall be deferred, and no interest

1 shall accrue with respect to such loan, dur-
 2 ing the time period described in clause (ii).

3 “(ii) TIME PERIOD.—The time period
 4 for purposes of clause (i) shall be 1 year
 5 from the later of the date of enactment of
 6 this paragraph or the date on which funds
 7 are distributed under a loan described in
 8 clause (i), but may be extended to 2 years
 9 from such date, at the discretion of the
 10 Administrator.

11 “(iii) RESUMPTION OF PAYMENTS.—
 12 At the end of the time period described in
 13 clause (ii), the payment of periodic install-
 14 ments of principal and interest shall be re-
 15 quired with respect to such loan, in the
 16 same manner and subject to the same
 17 terms and conditions as would otherwise be
 18 applicable to any other loan made under
 19 this subsection.”.

20 (b) INCREASING COLLATERAL REQUIREMENTS.—

21 (1) IN GENERAL.—Notwithstanding any other
 22 provision of law, including section 7(c)(6) of the
 23 Small Business Act (15 U.S.C. 636(c)(6)), the Ad-
 24 ministrator may not require collateral for any cov-
 25 ered loan made by the Administrator.

1 (2) DEFINITION.—In this subsection, the term
 2 “covered loan” means a loan in an amount of not
 3 more than \$35,000 made—

4 (A) under section 7(b)(1) of the Small
 5 Business Act (15 U.S.C. 636(b)(1));

6 (B) as a result of Hurricane Katrina of
 7 2005 or Hurricane Rita of 2005; and

8 (C) after the date of enactment of this Act.

9 **SEC. 6. WAIVER OF DUPLICATION OF CERTAIN BENEFITS.**

10 (a) IN GENERAL.—Chapter 9 of title II of the Emer-
 11 gency Supplemental Appropriations Act for Defense, the
 12 Global War on Terror, and Hurricane Recovery, 2006
 13 (Public Law 109–234; 120 Stat. 471) is amended under
 14 the heading “COMMUNITY DEVELOPMENT FUND (INCLUD-
 15 ING TRANSFER OF FUNDS)” under the heading “COMMU-
 16 NITY PLANNING AND DEVELOPMENT” under the heading
 17 “DEPARTMENT OF HOUSING AND URBAN DE-
 18 VELOPMENT”, by inserting after “Army Corps of Engi-
 19 neers:” the following: “*Provided further*, That notwith-
 20 standing the previous proviso or any other provision of
 21 law, in providing assistance in the State of Louisiana, the
 22 Administrator of the Small Business Administration may
 23 (in determining whether activities are reimbursable under,
 24 or whether funds have been made available under, the
 25 Robert T. Stafford Disaster Relief and Emergency Assist-

1 ance Act (42 U.S.C. 5121 et seq.) using amounts made
 2 available under this heading) use as the amount of a loan
 3 under section 7(b) of the Small Business Act (15 U.S.C.
 4 636(b)) the amount attributable to the difference between
 5 the rate of interest on such loan and the market rate at
 6 which such borrower could have borrowed such funds, over
 7 the period of such loan:”.

8 (b) EFFECTIVE DATE AND APPLICABILITY.—

9 (1) EFFECTIVE DATE.—The amendments made
 10 by this section shall be deemed to have taken effect
 11 as though enacted as part of the Emergency Supple-
 12 mental Appropriations Act for Defense, the Global
 13 War on Terror, and Hurricane Recovery, 2006
 14 (Public Law 109–234; 120 Stat. 418).

15 (2) APPLICABILITY.—The amendments made
 16 by this section shall apply to any application for as-
 17 sistance under section 7(b) of the Small Business
 18 Act (15 U.S.C. 636(b)) that is submitted not later
 19 than 1 year after the date of enactment of this Act.

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